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FM AMEMBASSY MOSCOW

TO RUEHC/SECSTATE WASHDC PRIORITY 6114

INFO RUCNCIS/CIS COLLECTIVE PRIORITY

RUEHXE/EASTERN EUROPEAN POSTS COLLECTIVE PRIORITY

RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY

RUEHGV/USMISSION GENEVA PRIORITY 0027

RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY

RHEHAAA/WHITE HOUSE WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 05 MOSCOW 000227

SIPDIS

COMMERCE FOR BROUGHER/EDWARDS

WHITE HOUSE ALSO FOR USTR HAFNER, FIELD AND MURPHY

GENEVA FOR WTO REPS

E.O. 12958: DECL: 01/30/2020

TAGS: [ETRD](#) [EAGR](#) [ECON](#) [PREL](#) [RS](#)

SUBJECT: THREE DAYS OF HIGH LEVELS TALKS- BEEF CAN COME IN,
WE'LL TALK MORE ON CHICKEN, CLOSE ON PORK

REF: A. MOSCOW 104

[B](#). 09 MOSCOW 3054

Classified By: ECON M/C Matthias Mitman

[1](#)1. (SBU) Summary: From January 19-21 a USG delegation met with their Russian counterparts to find a solution to Russia's actions which have effectively shut down all U.S. exports of chicken and pork. Two days of discussions centered on the Russian ban on use of chlorine in poultry processing, the chemical used by the majority of the U.S. poultry industry. While no agreement was achieved, both sides agreed to exchange letters on their positions and continue discussions in the near future. The third day of meetings focused on discussions regarding the recent Russian delisting of 98% of U.S. pork production facilities (Ref B), as well as veterinary export certificates for pork, beef and other agricultural products. These talks made significant progress in the discussions of pork and beef. The two sides have now exchanged letters laying out their positions on the use of chlorine and the Ambassador has followed-up with letters to high-levels Russian officials. We will continue to engage Russia on these issues. End Summary.

[1](#)2. (U) From January 19-21, a 12 person USG delegation led by USDA Under Secretary for Farm and Foreign Agricultural Affairs James Miller and A/USTR for Agricultural Affairs James Murphy held extensive discussions with Russia's Head of the Federal Service for Supervision and Consumer Rights Protection and Human Welfare (Rospotrebnadzor) Gennadiy Onishchenko and Head of the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) Sergey Dankvert. The objective of the USG delegation was to find a solution to Russian actions which have effectively shut down all U.S. exports of chicken and pork (Ref B).

The First day of Talks

[1](#)3. (C) The first day of talks on the use of chlorine in chicken processing took place at the Rospotrebnadzor offices and began with each delegation laying out their general positions. Onishchenko stated he would allow entry of the two poultry shipments that the U.S. side mentioned during the discussions. Onishchenko then led the charge challenging U.S. processes for poultry production rather than discussing the safety of U.S. poultry meat itself. He categorically stated that any use of chlorine by poultry processors in the slaughter process was prohibited in Russia. He noted that, as of a December 2009 survey, some small Russian producers and processors were still using chlorine, although this was less than 10% of total processors. Onishchenko appeared

genuinely surprised, but pleased, to learn that chlorine was only one of 18 chemical-based antimicrobial treatments (or pathogen reduction treatments) authorized for use in the U.S.

U/S Miller and Daniel Engeljohn, Deputy Assistant Administrator for the Food Safety and Inspection Service (FSIS), attempted to refocus the discussion on safety by asking about the science behind Russia's decision to ban the use of chlorine and reviewing the science establishing the safety and efficacy of chlorine as used in the U.S. The Russians clarified that they take issue with any use of chlorine and not the chill bath process itself. The Russian side also indicated at least some of the 17 alternative chemical-based antimicrobial treatments authorized for use in the U.S. are approved in Russia; however, the Russian side was, and continues to be, unable to provide full details regarding such a Russian list. (Note: several of these alternative treatments have a chlorine-based element and their acceptability for Russia is an open question. End note.)

¶4. (C) U/S Miller and A/USTR Murphy met separately with Onishchenko (who took with him MFA North America Deputy Director Nikolai Smirnov and Agriculture Deputy Minister Oleg Aldoshin) to see if they could come to a resolution and way forward. During the 3 hours of talks, U/S Miller and A/USTR Murphy kept trying to shift Onishchenko's focus from the production process (regarding the use of specific antimicrobial treatments) to the finished poultry product and any possible chemical residues on the carcasses. They attempted to get Onishchenko to agree to establish maximum residue levels (MRLs) for chlorine and chlorine by-products on poultry as a way to resolve the opposing positions.

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Onishchenko responded that Russia did not need to establish an MRL as Russian producers no longer used chlorine. He also kept circling back to the 17 other chemicals the U.S. allowed. Smirnov stressed that the GOR gave the U.S. more than a year's notice on the chlorine ban and now "the U.S. needs to accept that the law is the law." (Note This statement ignores the fact that Onishchenko refused to meet with industry experts or Embassy staff on this issue until a December meeting with the Ambassador or to accept documentation and studies done on the use of chlorine. End Note.)

¶5. (C) While the small group discussions took place, others in the U.S. met with Nikolay Vlasov, Russia's Chief Veterinary Officer. The USG delegation attempted to learn more about any risk analyses and other scientific studies the Russians had used to support their decision to ban the use of chlorine in poultry processing. But the Russians would not reference any specific analyses or studies to support their decision. The USG delegation was able to determine that the Russians were not concerned with any organic compounds possibly created by the use of chlorine (such as chloroform), just with the use of chlorine. In addition, the Russians made clear that they were not pursuing use of air chill only production processes, as reported in the press, and would allow water bath chilled poultry. The Russians also emphasized that they did not view food safety as something with many separate components, supervised by different entities. They said a discussion of process is essential because, for Russia, if you control the process from the farm to finished product, you can control the safety of the product and do not need to use chlorine.

Developing a New Strategy

¶6. (C) During an extended meeting with representatives of U.S. poultry producers (USAPEEC) the evening of January 19, the U.S. delegation agreed to pursue a two-pronged strategy with Onishchenko the next day. The first -- Option One --, the preferred outcome, would be an agreement on a maximum residue level (MRL) for chlorine for the finished poultry product, rather than the current outright ban on the use of chlorine in processing poultry. This solution would require

some follow-up technical talks as the U.S. and Russia would first have to set an interim standard, and then hold technical talks to derive an appropriate science-based level.

The U.S. delegation would suggest that Russia's MRL for chlorine in potable water could serve as the interim MRL standard.

17. (C) Option Two was developed when USAPEEC changed its long-standing position that use of another pathogen reduction treatment was economically and technically impossible. USAPEEC now posited that it would consider using pathogen reduction treatments other than those involving hypochlorination. Overnight, USDA and USAPEEC confirmed that the companies on USAPEEC's board of directors could live with this option, if necessary to continue access to the Russian market. However, industry would require a phase-in period to ensure that replacing chlorine in the process would not result in an inability to meet U.S. food safety standards, which are expected to become stricter with regard to salmonella and other microbials in the near future. Acceptability of Option Two would also require Russia to agree to several conditions. Industry requested that the USG proposal (and any final agreement): a) secure a phase-in period of at least six months while U.S. poultry processors shift away from the use of hypochlorous solutions (though imports would need to be permitted for a total of eight months to allow for customs clearance); b) allow water in chill baths to be in line with U.S. potable water standards, not Russian potable water standards (U.S. allows 4 parts per million (ppm) and Russia allows 0.3-0.5 ppm); c) allow ALL 17 alternative chemical treatments (some of which are chlorine-based compounds); d) allow hypochlorous solutions to be used for the cleaning of equipment in the facilities and for reconditioning inadvertently contaminated carcasses; e) address positive findings of microbial contamination through the requirement of heat treatment rather than restrictions on processing establishments; and, f) create a working group during the phase-in period to discuss the safety, use, and efficacy of pathogen reduction treatments used in both

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countries. USTR expressed concern that any agreement along these lines not undercut the U.S. case against the EU on poultry processing before the WTO, i.e. that we not allow the Russians to restrict our use of four key chemical compounds that are the focus of the WTO case (included in the 17 alternative chemicals.)

18. (C) During the small group meeting USTR pointed out to the Russians that Option One involving the establishment of a MRL for chlorine on poultry, would be an approach consistent with the WTO SPS Agreement whereas Option Two would likely not be consistent with the Agreement -- a factor that Russia might want to consider as it was applying to join the WTO. Onishchenko's response made clear, however, that consistency with WTO rules was of no concern to him.

The Second Day) Not Much Give From the Russians

19. (C) During the second day of discussions, Onishchenko dominated the meeting from the Russian side, not allowing anyone else to speak on his side. He immediately took U/S Miller's presentation of Option Two, which was presented as a hypothetical, to mean that the USG had finally agreed to renounce the use of chlorine. When he went through the commitments the USG wanted in exchange for this change in poultry processing, Onishchenko would either say they were not necessary or would not commit to them, moving them to the "U.S.-Russia technical working group" on poultry. (Note: The "U.S.-Russian Working Group on Study and Assessment of Modern Poultry Processing Technologies" was set up last year to study the chlorine and water content issues, but the Russian side refused to address chlorine, based on Onishchenko's instructions to his staff, and Onishchenko has ignored the group's work on moisture content. End Note.)

¶10. (C) Onishchenko then began to speak as if we were finalizing an agreement where the U.S. would renounce chlorine in processing and the Russians would concede nothing to us. U/S Miller and A/USTR Murphy intervened and clarified that this had only been a hypothetical proposal to see if the Russians would agree to the conditions needed on the U.S. side, and re-emphasized our desire for Option One (the establishment of MRL levels). Onishchenko reacted strongly, claiming he did not see them as two options because he had refused to discuss MRLs the day before. Therefore, the two sides resolved to continue the dialogue through letters, to be sent within a week, which would lay out how we viewed our positions and possible solutions to the current impasse. U/S Miller promised to consult with the U.S. poultry industry regarding Option Two. Depending on the outcome of these letters, U/S Miller and Onishchenko agreed to meet again, within a month (location TBD.)

¶11. (C) Both sides also agreed to brief non-committal press points which focused on both sides continuing to work together with the goal of finding a solution and that further meetings will take place in the near future. This agreement has succeeded in reigning in the inflammatory statements we saw coming from Russian leaders including PM Putin, Deputy PM Zubkov, and Onishchenko in the days before these discussions (Ref A).

Beef Can Come) Pork and Other Products Can Wait

¶12. (C) On January 21, the leaders of the USG delegation started with a 30-minute meeting with Minister of Agriculture Yelena Skrynnik, who was accompanied by VPSS Head Sergey Dankvert and MFA Deputy Director for North America Nikolay Smirnov. Minister Skrynnik and U/S Miller commented on the successful DVC on December 14 between the coordinators of the Agricultural Working Group (AWG) under the U.S.-Russia Bilateral Presidential Commission. U/S Miller concurred with the Minister's assessment of planned AWG agenda items and highlighted U.S. interest in food safety and food security. He also explained that working to resolve the current agricultural trade issues with poultry and pork, which account for \$1.2 billion in exports and represent about 65% of U.S. agricultural exports to Russia, is one way to ensure that the two countries are on a path toward improving relations, which benefits both countries. U/S Miller reviewed the discussions of the past two days and said that he believed agreement had been reached on allowing U.S.

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poultry from 2009 contracts to be sold in Russia without restrictions. Minister Skrynnik said that the Russian position was quite clear and that to continue exporting to Russia the U.S. would have to stop using chlorine. She added that she supported technical discussions as a way to proceed on the issue.

¶13. (C) The USG delegation then engaged in in-depth meetings with the Head of the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) Sergey Dankvert, his Deputy Nikolay Vlasov, and his staff. While these talks focused primarily on recent Russian restrictions, such as the delisting of 98% of U.S. pork production (Ref B) and efforts to agree on a pork veterinary export certificate, the delegations also discussed issues surrounding veterinary certificate requirements and approved establishment lists for the importation of U.S. beef, dairy, pet food, feed and feed additives, and processed meat. Dankvert used his introductory remarks to complain about his lack of a single point of contact with the U.S. U/S Miller effectively sidestepped this diversion and took the discussions straight to the primary issue, which was finalizing the details on a pork veterinary export certificate. Several issues related to the pork certificate were resolved in the main meeting and the two sides agreed to continue these discussions at the technical-level, which took place after the main meeting.

¶14. (C) During the meetings, Dankvert highlighted that the Russians have repeatedly requested -- without response-- lists of U.S. dairy, pet food, feed and feed additives, and processed meat establishments which are certified as able to export to Russia. Dankvert stated that according to Russian law, as of March 1, Russia could not accept imports of these goods from any plants which are not on a list published in the Russian Federal Register. He added that while the list can be updated in the future, a preliminary list of certified and inspected plants needs to be in the Federal Register. (Note: Over the past 2 years USDA and USTR have asked repeatedly for the law requiring these lists; Russia has yet to produce such a law. End Note.) U/S Miller responded that the USG has provided the lists of U.S. dairy shippers and dairy industry companies. He emphasized that more relevant lists could only be produced when both sides agree on veterinary export certificates for dairy, processed meat, and feed and feed additives, which will lay out the standards U.S. exporters need to meet. Dankvert responded that the lists should be first because the most important thing is for firms to be registered, if they are not registered they cannot export. He added that these firms can use the existing general export certificate until sector specific ones can be negotiated, a process which "takes time."

¶15. (C) During the technical-level follow-on meeting, the two sides were able to resolve or clarify their respective positions on the pork certificate issues. The U.S. side will be sending a letter with a revised certificate to Dr. Vlasov setting out proposed language. The focus of this part of the discussion was on paragraph 4.8 of the draft certificate relating to U.S. exports meeting Russia's requirements. Regarding U.S. pork establishments restricted for trace findings of antibiotic tetracycline residues, Dr. Vlasov agreed to revisit actions taken against establishments with findings below 7.2 parts per billion (ppb). The U.S. side indicated a need to review those facilities that tested at 12.8 ppb since, according to VPSS' interpretation of its regulation, a confirmatory test would be needed to determine if the original finding was truly a violation of the Russian standard of 10 ppb.

¶16. (SBU) On beef, Vlasov said he considered the recently received letter from FSIS acceptable. He had no further questions that otherwise indicated VPSS has plans to delist beef facilities in the near future.

¶17. (SBU) The U.S. side also took the opportunity to discuss access for U.S. process egg products and dairy export certificates.

Comment and Update

¶18. (U) By January 27, both sides had exchanged the letters on chlorine promised at the meetings. The Ambassador will be

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following up this exchange with letters of his own to Deputy Prime Ministers Shuvalov and Zubkov, and Presidential Advisor Dvorkovich.

¶19. (C) At this point, we believe that Russia's actions on poultry, pork and other agricultural products are protectionist decisions -- especially on poultry -- that will require senior level political agreements to resolve. On chlorine, we are beyond purely technical discussions. We will continue to engage the Russians here in Moscow and recommend that senior level USG officials continue to raise the importance of resolving this issue with their GOR counterparts to demonstrate that the re-set is yielding positive benefits to our bilateral economic relationship.

¶20. (U) This cable was cleared by USDA and USTR in Washington. Beyrle